

**ANNUAL BUDGET OF
MTHONJANENI LOCAL
MUNICIPALITY
2017/18**



**2017/18 TO 2019/20
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

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1. DEFINITIONS

(1) In this Budget Report, unless the context indicates otherwise –

“accounting officer”

(a) in relation to a municipality, means the municipal official referred to in section 60 of the Municipal Finance Management Act, 2003; and include a person acting as the accounting officer;

“allocation”, in relation to a municipality, means -

- (a) a municipality’s share of the local government’s equitable share referred to in section 214(1)(a) of the Constitution;
- (b) an allocation of money to a municipality in terms of section 214(1)(c) of the Constitution;
- (c) an allocation of money to a municipality in terms of a provincial budget; or
- (d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

“annual Division of Revenue Act” means the Act of Parliament which must be enacted annually in terms of section 214 (1) of the Constitution;

“approved budget” means an annual budget -

- (a) Approved by a municipal council; or
- (b) Approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;

“basic municipal service” means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

“budget-related policy” means a policy of a municipality affecting or affected by the annual budget of the municipality, including -

- (a) The tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
- (b) The credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

“budget year” means the financial year for which an annual budget is to be approved in terms of section 16(1) of the Municipal Finance Management Act, 2003.;

“chief financial officer” means a person designated in terms of section 80(2)(a) of the Municipal Finance Management Act, 2003.

“councillor” means a member of a municipal council;

“CPI” means Consumer price Index.

“current year” means the financial year which has already commenced, but not yet ended;

“debt” means -

- (a) a monetary liability or obligation created by a financing agreement, note, debenture, bond or overdraft, or by the issuance of municipal debt instruments; or
- (b) a contingent liability such as that created by guaranteeing a monetary liability or obligation of another;

“delegation”, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

“district municipality” means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality;

“COGTA” means Cooperative Governance and Traditional Affairs

“EXCO” means Executive Committee of the Council of the Municipality

“GFS” means General Financial Statistic.

“financial year” means a year ending on 30 June;

“IDP” means Integrated Development Plan

“In year reports, in relation to-

- (a) a municipality means
- (i) a monthly budget statement of the municipality contemplated in section 71(1) of the MFMA
 - (ii) a Quarterly report on the implementation of the budget and financial state of affairs of the municipality contemplated in section 52(d) of the act;
 - (iii) a mid-year budget and performance assessment of the municipality contemplated in section 72 of the act.
- “investment”**, in relation to funds of a municipality, means -
- (a) The placing on deposit of funds of a municipality with a financial institution; or
 - (b) The acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;
- “lender”**, in relation to a municipality, means a person who provides debt finance to a municipality;
- “local community”** has the meaning assigned to it in section 1 of the Municipal Systems Act;
- “local municipality”** means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;
- “long-term debt”** means debt repayable over a period exceeding one year;
- “MANCO”** means management committee of the municipality
- “MFMA”** Municipal Finance Management Act, No. 56 of 2003
- “MFMA Regulations or (MBRR)”** means regulations relating to Municipal Budget and Reporting
- “MTEF”** means Medium Term Expenditure Framework
- “mayor”**, in relation to -
- (a) a municipality with an executive mayor, means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; or
 - (b) a municipality with an executive committee, means the councillor elected as the mayor of the municipality in terms of section 48 of that Act;
- “month”** means one of the 12 months of a calendar year;
- “municipality”** -
- (a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or (b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);
- “municipal service”** has the meaning assigned to it in section 1 of the Municipal Systems Act;
- “Municipal Systems Act”** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
- “municipal tariff”** means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;
- “municipal tax”** means property rates or other taxes, levies or duties that a municipality may impose;
- “National Treasury”** means the National Treasury established by section 5 of the Public Finance Management Act;
- “past financial year”** means the financial year preceding the current year;
- “NER”**, means the National Electricity Regulator;
- “Provincial Treasury”** means a treasury established in terms of section 17 of the Public Finance Management Act;
- “quarter”** means any of the following periods in a financial year:
- (a) 1 July to 30 September;
 - (b) 1 October to 31 December;
 - (c) 1 January to 31 March; or

(d) 1 April to 30 June;

“Quality certificate”, in relation to

- (a) a municipality, means a certificate issued and signed by the municipal manager of the municipality confirming the accuracy and reliability of the contents of a document prepared or issued by the municipality

“SDBIP” means Service Delivery Budget Implementation Plan

“standards of generally recognised accounting practice” means an accounting practice complying with standards applicable to municipalities or municipal entities and issued in terms of Chapter 11 of the Public Finance Management Act;

“vote” means -

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

1 Part 1 – Draft Annual Budget

1.1 Mayor's Report

The Mayor's report will be included once the Honourable Mayor has presented his 2017/2018 final budget speech before Council in May 2017.

1.2 Council Resolutions

On 29 March 2017 the Council of Mthonjaneni Local Municipality met in the Council Chambers of Mthonjaneni Local Municipality to consider the draft annual budget of the municipality for the financial year 2017/18. The Council approved and adopted the following resolutions:

1. The Council of Mthonjaneni Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual draft budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 8;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 7 ;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 3 ; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 9.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table ;
 - 1.2.2. Budgeted Cash Flows as contained in Table 11 ;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 12 ;
 - 1.2.4. Asset management as contained in Table ; and
 - 1.2.5. Basic service delivery measurement as contained in Table 14.
2. The Council of Mthonjaneni Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) notes the tariffs with effect from 1 July 2017:
 - 2.1. the tariffs for property rates,
 - 2.2. the tariffs for electricity
 - 2.3. the tariffs for solid waste services
3. The Council of Mthonjaneni Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) notes with effect from 1 July 2017 the tariffs for other services.

1.3 Executive Summary

The application of sound financial management principles for the compilation of Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality's current budget. Key areas where savings were realized were on telephone and internet usage, printing, workshops, overseas and national travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2017/18 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

MFMA Circulars No. 85 states that the 2017 Medium Term Budget Policy Statement emphasized that the global recovery from the 2008 financial crisis remains precarious, with growth forecast at 3.1 per cent in 2016 and 3.4 per cent in 2017. Countries that are highly reliant on foreign savings, such as South Africa, will remain vulnerable to global financial volatility and rapid capital outflows.

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2017/18 and ***so municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts.***

Municipalities should carefully consider affordability of tariff increases; especially as it relates to domestic consumer while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decision. ***Municipalities must implement cost containing measures as contained in MFMA Circular 82.***

1.4 Table 1 Operating Revenue Framework

Table 1

KZN285 Mthonjaneni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	13 165	13 955	14 947
Service charges - electricity revenue	2	-	-	-	-	-	-	-	22 375	23 941	25 617
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	1 164	1 245	1 333
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	252	269	288
Interest earned - external investments		-	-	-	-	-	-	-	3 335	3 535	3 747
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	21 400	22 898	24 501
Licences and permits		-	-	-	-	-	-	-	2 693	2 881	3 083
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	-	-	-	-	-	-	76 584	74 169	76 120
Other revenue	2	-	-	-	-	-	-	-	3 545	3 788	4 046
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	-	-	-	-	-	-	144 513	146 682	153 682

For Mthonjaneni Local Municipality to continue improving the quality of service provided to its citizens it needs to generate the required revenue. In these tough times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceeds available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy
- Effective revenue management
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 Of 2004) (MPRA)

Table 1 Summary of revenue classified by main revenue source

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from operating statement, as inclusions of these revenue sources would distort the calculation of the operating surplus/deficit.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. Interest comprises of; interest on primary bank account as well as interest earned from call investment accounts.

The Mthonjaneni Local Municipality's operating transfers and subsidies is informed by the 2017 Division of Revenue Act and the Provincial Allocations gazette for 2017/18. The above table shows the increase of R 12 703m from R 71 851m to R 84 554 and that translate to 17.6 per cent. .

Table 2 Operating Transfers and Grants Receipts

KZN285 Mthonjaneni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	-	-	-	75 813	73 359	75 274
Local Government Equitable Share								67 317	70 509	72 424
Finance Management								2 850	2 850	2 850
Municipal Systems Improvement								-	-	-
EPWP Incentive								2 222	-	-
Municipal Demarcation Transitional Grant								3 424	-	-
Provincial Government:		-	-	-	-	-	-	771	810	846
Municipal Demarcation Transitional Grant								771	810	846
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	-	-	-	-	-	76 584	74 169	76 120

The above table shows the operating transfers and grants for Mthonjaneni Local Municipality as 2017 shown in the Division of Revenue Act and Provincial Gazette of transfers and of funds to municipalities. The municipality must ensure that it only budget for the transfers that are gazette.

The diagram below shows the revenue by source through pie chart in terms of how much percentages does each revenue source contribute to total operating revenue of Mthonjaneni Local Municipality for 2017/18 MTREF.

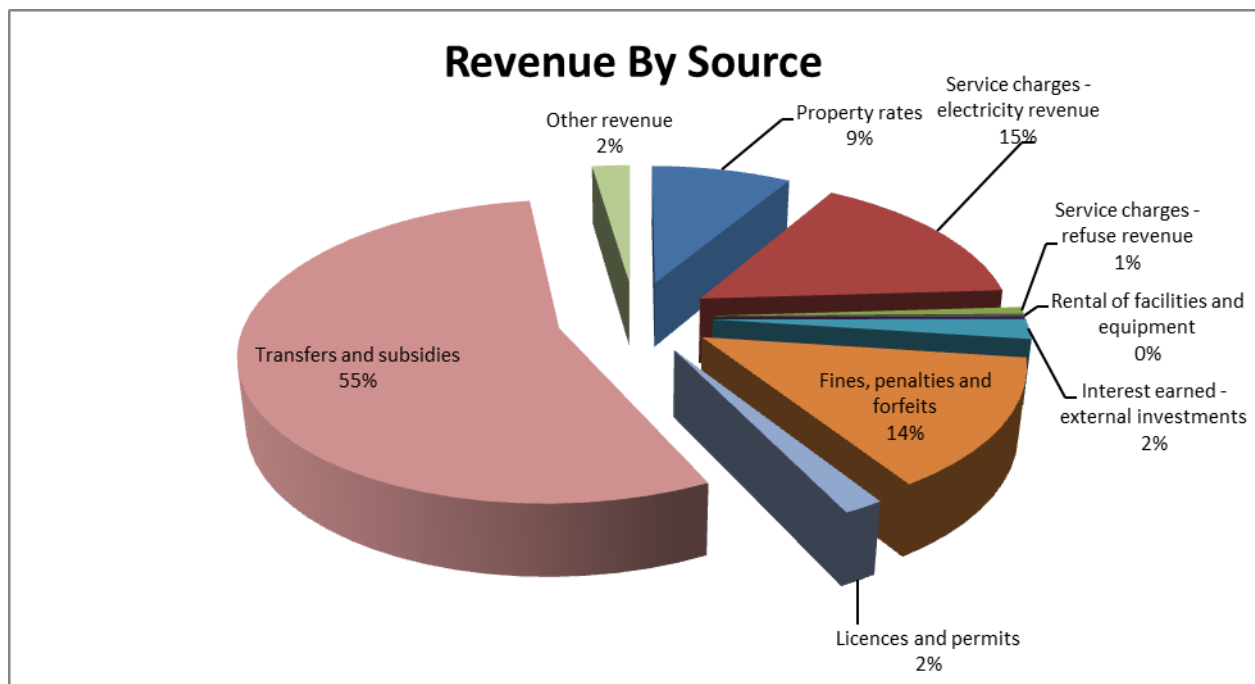


Figure 1 Main operational revenue categories for 2017/18 adjustments budget.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- Balanced budget constrains (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure)

Table 3 Summary of operating expenditure by Expenditure By Type.

KZN285 Mthonjaneni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure By Type											
Employee related costs	2	-	-	-	-	-	-	-	46 818	50 096	53 602
Remuneration of councillors									8 131	8 700	9 309
Debt impairment	3								2 000	3 000	3 500
Depreciation & asset impairment	2	-	-	-	-	-	-	-	5 809	6 216	6 651
Finance charges		-	-	-	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	23 800	25 466	27 249
Other materials	8								5 837	6 455	6 917
Contracted services		-	-	-	-	-	-	-	4 684	5 012	5 362
Transfers and subsidies		-	-	-	-	-	-	-	580	621	664
Other expenditure	4, 5	-	-	-	-	-	-	-	24 276	37 444	40 531
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		-	-	-	-	-	-	-	121 935	143 009	153 786

The budgeted allocation for employee related costs for 2017/18 financial year totals to R 46 818m, which equals 38 per cent of the total operating expenditure.

The cost associated with the remuneration of councillors is determined by the minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the 2017/18 Municipality's budget.

Provision for depreciation has been informed by Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriation in this regard totals to R 5 809m for 2017/18 financial year of which it translate to 5 per cent of the total operating expenditure.

Other material comprises of amongst others the purchase of fuel and repairs for maintenance and it contributes .

Contracted services have been identified as cost saving area for the Municipality. As part of the compilation of the 2017/18 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following diagram shows how much of expenditure as a form of percentage contributes to operational expenditure for 2017/18 MTREF.

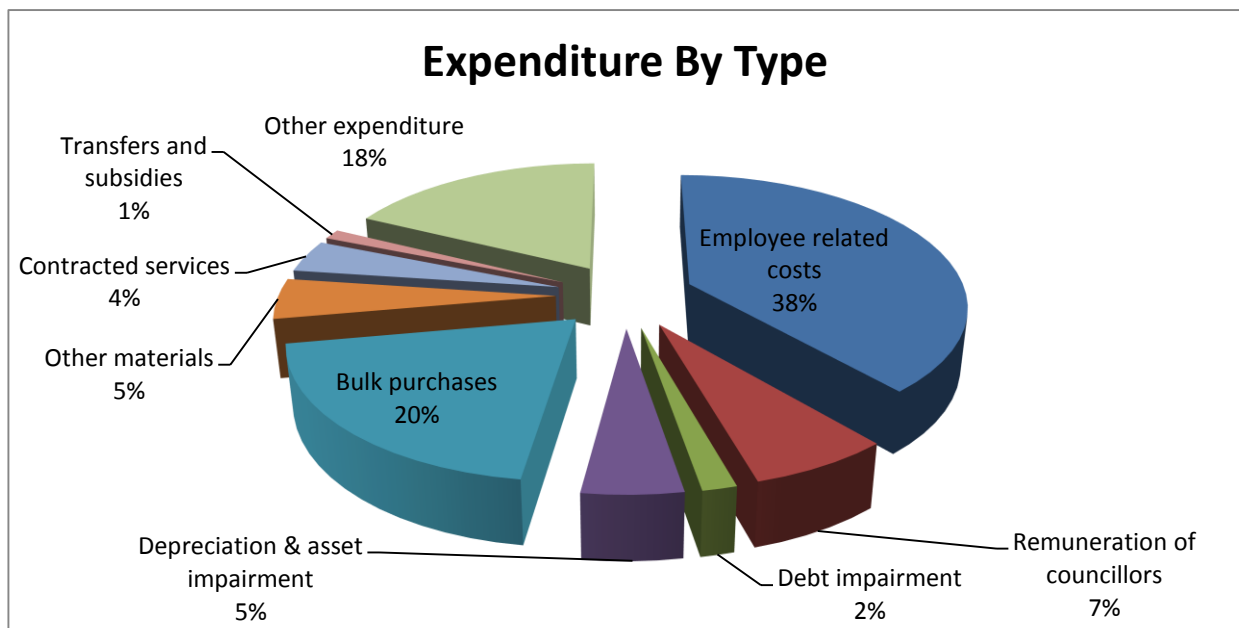


Figure 2 Main operational expenditure categories for the 2017/18 adjustments budget

Table 4 Operational repairs and maintenance

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Repairs and Maintenance	8										
Employee related costs											
Other materials									4 361	4 876	5 228
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	–	–	–	–	–	–	–	4 361	4 876	5 228

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered as a direct expenditure driver but an outcome of certain other expenditure, such as remuneration, purchases of materials and contracted services. Mthonjaneni Local Municipality is aware of the Municipal Budget and Reporting Regulations which states that priority must be given to operational repairs and maintenance but because of its capacity and a small number of assets that the municipality owns the budgeted amount is reflected on the table above so small.

1.5.1 Free Basic Services

The free basic service assists households that are poor or face other circumstances that limit their ability to pay for services. To receive this service the households are required to register in terms of the Municipality's Indigent Policy. The qualification criterion in terms of the municipality's Indigent policy is that, the household joint gross income should not exceed two times the government old age pension grant.

1.6 Annual Budget Tables – Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as recommended to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 5 MBRR Table A1 – Budget Summary

KZN285 Mthonjaneni - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
<u>Financial Performance</u>										
Property rates	-	-	-	-	-	-	-	13 165	13 955	14 947
Service charges	-	-	-	-	-	-	-	23 539	25 187	26 950
Investment revenue	-	-	-	-	-	-	-	3 335	3 535	3 747
Transfers recognised - operational	-	-	-	-	-	-	-	76 584	74 169	76 120
Other own revenue	-	-	-	-	-	-	-	27 890	29 836	31 918
Total Revenue (excluding capital transfers and contributions)	-	-	-	-	-	-	-	144 513	146 682	153 682
Employee costs	-	-	-	-	-	-	-	46 818	50 096	53 602
Remuneration of councillors	-	-	-	-	-	-	-	8 131	8 700	9 309
Depreciation & asset impairment	-	-	-	-	-	-	-	5 809	6 216	6 651
Finance charges	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	29 637	31 921	34 166
Transfers and grants	-	-	-	-	-	-	-	580	621	664
Other expenditure	-	-	-	-	-	-	-	30 960	45 456	49 393
Total Expenditure	-	-	-	-	-	-	-	121 935	143 009	153 786
Surplus/(Deficit)	-	-	-	-	-	-	-	22 578	3 673	(104)
Transfers and subsidies - capital (monetary allocation)	-	-	-	-	-	-	-	26 278	27 102	34 970
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-	-	48 856	30 775	34 866
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	-	-	-	-	48 856	30 775	34 866
<u>Capital expenditure & funds sources</u>										
Capital expenditure	-	-	-	-	-	-	-	39 683	27 960	35 245
Transfers recognised - capital	-	-	-	-	-	-	-	26 278	27 102	34 970
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	13 405	858	275
Total sources of capital funds	-	-	-	-	-	-	-	39 683	27 960	35 245
<u>Financial position</u>										
Total current assets	-	-	-	-	-	-	-	28 912	68 941	57 671
Total non current assets	-	-	-	-	-	-	-	192 735	164 519	150 440
Total current liabilities	-	-	-	-	-	-	-	10 203	6 558	5 073
Total non current liabilities	-	-	-	-	-	-	-	7 212	4 946	6 912
Community wealth/Equity	-	-	-	-	-	-	-	204 232	221 957	196 126
<u>Cash flows</u>										
Net cash from (used) operating	-	-	-	-	-	-	-	31 696	13 434	16 241
Net cash from (used) investing	-	-	-	-	-	-	-	(26 278)	(27 102)	(34 970)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	-	-	-	-	-	-	-	25 484	11 816	(6 913)
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	-	-	-	-	-	-	-	4 074	49 259	46 137
Application of cash and investments	-	-	-	-	-	-	-	(6 187)	(6 756)	(2 949)
Balance - surplus (shortfall)	-	-	-	-	-	-	-	10 261	56 015	49 086
<u>Asset management</u>										
Asset register summary (WDV)	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-
<u>Free services</u>										
Cost of Free Basic Services provided	-	-	-	-	-	-	1 440	1 440	1 541	1 649
Revenue cost of free services provided	-	-	-	-	-	-	1 422	1 422	1 507	1 597
<u>Households below minimum service level</u>										
Water:	-	-	-	-	-	-	1	1	1	1
Sanitation/sewerage:	-	-	-	-	-	-	9	9	9	9
Energy:	-	-	-	-	-	-	0	0	0	0
Refuse:	-	-	-	-	-	-	13	13	13	13

Explanatory notes to MBRR Table A1 – Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspective (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic services delivery backlogs.
3. Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. the operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources.

Table 6 MBRR Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN285 Mthonjaneni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	90 706	91 501	94 659
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	90 706	91 501	94 659
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	810	851	889
Community and social services		-	-	-	-	-	-	810	851	889
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	47 260	47 736	50 609
Planning and development		-	-	-	-	-	-	4 889	2 854	3 054
Road transport		-	-	-	-	-	-	42 371	44 882	47 555
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	32 015	33 696	42 495
Energy sources		-	-	-	-	-	-	30 851	32 451	41 162
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	1 164	1 245	1 333
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	-	-	-	-	-	170 791	173 784	188 652
Expenditure - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	51 377	64 434	69 507
Executive and council		-	-	-	-	-	-	16 713	17 883	19 135
Finance and administration		-	-	-	-	-	-	34 664	46 551	50 373
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	14 064	18 026	19 491
Community and social services		-	-	-	-	-	-	10 651	14 374	15 584
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	3 413	3 652	3 908
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	28 667	30 774	32 928
Planning and development		-	-	-	-	-	-	17 791	19 137	20 476
Road transport		-	-	-	-	-	-	10 876	11 637	12 451
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	27 827	29 775	31 860
Energy sources		-	-	-	-	-	-	25 946	27 762	29 705
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	1 882	2 013	2 154
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	-	-	-	-	-	121 935	143 009	153 786
Surplus/(Deficit) for the year		-	-	-	-	-	-	48 856	30 775	34 866

Explanatory notes to Table A2 – Budget Financial Performance (revenue and expenditure by standard classification)

1. Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.

Table 7: MBRR Table A3 – Budgeted Financial performance (revenue and expenditure by municipal vote)

KZN285 Mthonjaneni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	90 700	91 495	94 652
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-
Vote 4 - Community		-	-	-	-	-	-	24 908	26 637	28 481
Vote 5 - Technical		-	-	-	-	-	-	55 182	55 652	65 519
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	-	-	-	170 791	173 784	188 652
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		-	-	-	-	-	-	16 713	17 883	19 135
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	22 234	27 538	29 680
Vote 3 - Corporate		-	-	-	-	-	-	12 430	19 013	20 693
Vote 4 - Community		-	-	-	-	-	-	22 814	27 389	29 510
Vote 5 - Technical		-	-	-	-	-	-	47 744	51 186	54 769
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	-	-	-	121 935	143 009	153 786
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	48 856	30 775	34 866

Explanatory notes to MBRR Table A3 – Budgeted Financial Performance (revenue and expenditure per municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 8: MBRR Table A4 – Budgeted Financial Performance (revenue and expenditure)

KZN285 Mthonjaneni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	13 165	13 955	14 947
Service charges - electricity revenue	2	-	-	-	-	-	-	-	22 375	23 941	25 617
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	1 164	1 245	1 333
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	252	269	288
Interest earned - external investments		-	-	-	-	-	-	-	3 335	3 535	3 747
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	21 400	22 898	24 501
Licences and permits		-	-	-	-	-	-	-	2 693	2 881	3 083
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	-	-	-	-	-	-	76 584	74 169	76 120
Other revenue	2	-	-	-	-	-	-	-	3 545	3 788	4 046
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	-	-	-	-	-	-	144 513	146 682	153 682
Expenditure By Type											
Employee related costs	2	-	-	-	-	-	-	-	46 818	50 096	53 602
Remuneration of councillors		-	-	-	-	-	-	-	8 131	8 700	9 309
Debt impairment	3	-	-	-	-	-	-	-	2 000	3 000	3 500
Depreciation & asset impairment	2	-	-	-	-	-	-	-	5 809	6 216	6 651
Finance charges		-	-	-	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	23 800	25 466	27 249
Other materials	8	-	-	-	-	-	-	-	5 837	6 455	6 917
Contracted services		-	-	-	-	-	-	-	4 684	5 012	5 362
Transfers and subsidies		-	-	-	-	-	-	-	580	621	664
Other expenditure	4, 5	-	-	-	-	-	-	-	24 276	37 444	40 531
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		-	-	-	-	-	-	-	121 935	143 009	153 786
Surplus/(Deficit)		-	-	-	-	-	-	-	22 578	3 673	(104)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	-	-	-	-	26 278	27 102	34 970
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		-	-	-	-	-	-	-	48 856	30 775	34 866
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		-	-	-	-	-	-	-	48 856	30 775	34 866
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		-	-	-	-	-	-	-	48 856	30 775	34 866
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		-	-	-	-	-	-	-	48 856	30 775	34 866

Explanatory notes to Table A4 – Budgeted Financial Performance (revenue and expenditure)

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from operating statement, as inclusions of these revenue sources would distort the calculation of the operating surplus/deficit.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. Interest comprises of; interest on primary bank account as well as interest earned from call investment accounts.

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from operating statement, as inclusions of these revenue sources would distort the calculation of the operating surplus/deficit.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. Interest comprises of; interest on primary bank account as well as interest earned from call investment accounts.

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Table 9: MBRR Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding sources

KZN285 Mthonjaneni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Exacutive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community		-	-	-	-	-	-	-	-	-	-
Vote 5 - Technical		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Exacutive and Council		-	-	-	-	-	-	-	5 045	-	-
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	100	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	199	219	241
Vote 4 - Community		-	-	-	-	-	-	-	121	639	34
Vote 5 - Technical		-	-	-	-	-	-	-	34 218	27 102	34 970
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	39 683	27 960	35 245
Total Capital Expenditure - Vote		-	-	-	-	-	-	-	39 683	27 960	35 245
Capital Expenditure - Functional											
Governance and administration		-	-	-	-	-	-	-	5 344	219	241
Executive and council		-	-	-	-	-	-	-	5 045	-	-
Finance and administration		-	-	-	-	-	-	-	299	219	241
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	121	639	34
Community and social services		-	-	-	-	-	-	-	11	89	34
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	110	550	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	18 728	19 102	19 970
Planning and development		-	-	-	-	-	-	-	450	-	-
Road transport		-	-	-	-	-	-	-	18 278	19 102	19 970
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	15 490	8 000	15 000
Energy sources		-	-	-	-	-	-	-	14 240	8 000	15 000
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	1 250	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	-	-	-	-	-	-	39 683	27 960	35 245
Funded by:											
National Government		-	-	-	-	-	-	-	26 278	27 102	34 970
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	-	-	-	-	26 278	27 102	34 970
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	13 405	858	275
Total Capital Funding	7	-	-	-	-	-	-	-	39 683	27 960	35 245

Explanatory notes to Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programs in relation to capital expenditure by municipal vote (multi – year and single – year appropriations); capital expenditure by standard classification; and funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The capital programs of Mthonjaneni Municipality is funded from national & provincial grants and subsidies and from accumulated cash backed reserves that are not committed for any other purposes.

Explanatory notes to Table A6 – Budgeted Financial Position

KZN285 Mthonjaneni - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash									4 074	5 805	3 110
Call investment deposits	1	–	–	–	–	–	–	–	–	43 454	43 027
Consumer debtors	1	–	–	–	–	–	–	–	4 435	3 711	2 836
Other debtors									19 944	15 490	8 077
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2								460	481	621
Total current assets		–	–	–	–	–	–	–	28 912	68 941	57 671
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property									2 368	2 408	2 449
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	–	–	–	–	–	–	–	187 606	159 720	143 860
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological									2 662	2 265	3 971
Intangible									99	125	159
Other non-current assets					–	–	–	–	1	1	1
Total non current assets		–	–	–	–	–	–	–	192 735	164 519	150 440
TOTAL ASSETS		–	–	–	–	–	–	–	221 647	233 460	208 111
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits									1 026	1 019	1 016
Trade and other payables	4	–	–	–	–	–	–	–	8 768	5 053	3 710
Provisions									409	486	346
Total current liabilities		–	–	–	–	–	–	–	10 203	6 558	5 073
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions									7 212	4 946	6 912
Total non current liabilities		–	–	–	–	–	–	–	7 212	4 946	6 912
TOTAL LIABILITIES		–	–	–	–	–	–	–	17 415	11 504	11 984
NET ASSETS	5	–	–	–	–	–	–	–	204 232	221 957	196 126
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)									204 232	221 957	196 126
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	–	–	–	–	–	–	–	204 232	221 957	196 126

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet)
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets ready converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budget Financial Position.

Table 11: MBRR Table A7 – Budgeted Cash Flow Statement

KZN285 Mthonjaneni - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									7 125	7 552	8 005
Service charges									21 957	23 274	24 671
Other revenue									10 543	11 595	12 363
Government - operating	1								76 584	74 169	76 120
Government - capital	1								26 278	27 102	34 970
Interest									3 335	3 535	3 747
Dividends									-	-	-
Payments											
Suppliers and employees									(113 546)	(133 173)	(142 971)
Finance charges									-	-	-
Transfers and Grants	1								(580)	(621)	(664)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	-	-	-	-	31 696	13 434	16 241
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									13 405	858	275
Payments											
Capital assets									(39 683)	(27 960)	(35 245)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(26 278)	(27 102)	(34 970)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	-	-	-	-	5 418	(13 668)	(18 729)
Cash/cash equivalents at the year begin:	2								20 066	25 484	11 816
Cash/cash equivalents at the year end:	2	-	-	-	-	-	-	-	25 484	11 816	(6 913)

Table 12: MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN285 Mthonjaneni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	–	–	–	–	–	–	–	25 484	11 816	(6 913)
Other current investments > 90 days		–	–	–	–	–	–	–	(21 411)	37 443	53 050
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		–	–	–	–	–	–	–	4 074	49 259	46 137
Application of cash and investments											
Unspent conditional transfers		–	–	–	–	–	–	–	177	295	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	–	–	–	–	–	–	–	(6 364)	(7 051)	(2 949)
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		–	–	–	–	–	–	–	(6 187)	(6 756)	(2 949)
Surplus(shortfall)		–	–	–	–	–	–	–	10 261	56 015	49 086

Explanatory notes to Table A7 – Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in – flow that is likely to result from the implementation of the budget.

Explanatory notes to Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

Table 14: MBRR Table A10 – Basic service delivery measurement

KZN285 Mthonjaneni - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	2 817	2 817	2 817
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	5 394	5 394	5 394
Using public tap (at least min.service level)	2	-	-	-	-	-	-	807	807	807
Other water supply (at least min.service level)	4	-	-	-	-	-	-	47	47	47
<i>Minimum Service Level and Above sub-total</i>								9 065	9 065	9 065
Using public tap (< min.service level)	3	-	-	-	-	-	-	807	807	807
Other water supply (< min.service level)	4	-	-	-	-	-	-	47	47	47
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>								854	854	854
Total number of households	5	-	-	-	-	-	-	9 919	9 919	9 919
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	3 277	3 277	3 277
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	3 064	3 064	3 064
Pit toilet (ventilated)		-	-	-	-	-	-	8 131	8 131	8 131
Other toilet provisions (> min.service level)		-	-	-	-	-	-	1 273	1 273	1 273
<i>Minimum Service Level and Above sub-total</i>								15 745	15 745	15 745
Bucket toilet		-	-	-	-	-	-	1 273	1 273	1 273
Other toilet provisions (< min.service level)		-	-	-	-	-	-	8 131	8 131	8 131
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>								9 404	9 404	9 404
Total number of households	5	-	-	-	-	-	-	25 149	25 149	25 149
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	386	386	386
Electricity - prepaid (min.service level)		-	-	-	-	-	-	13 412	13 412	13 412
<i>Minimum Service Level and Above sub-total</i>								13 798	13 798	13 798
Electricity (< min.service level)		-	-	-	-	-	-	315	315	315
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	78	78	78
<i>Below Minimum Service Level sub-total</i>								393	393	393
Total number of households	5	-	-	-	-	-	-	14 191	14 191	14 191
Refuse:										
Removed at least once a week		-	-	-	-	-	-	3 273	3 273	3 273
<i>Minimum Service Level and Above sub-total</i>								3 273	3 273	3 273
Removed less frequently than once a week		-	-	-	-	-	-	58	58	58
Using communal refuse dump		-	-	-	-	-	-	1 417	1 417	1 417
Using own refuse dump		-	-	-	-	-	-	11 147	11 147	11 147
Other rubbish disposal		-	-	-	-	-	-	145	145	145
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>								12 767	12 767	12 767
Total number of households	5	-	-	-	-	-	-	16 040	16 040	16 040
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	1 440	1 541	1 649
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	-	1 440	1 541	1 649
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	1 422	1 507	1 597
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided	6	-	-	-	-	-	-	1 422	1 507	1 597

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of MMC for Finance.

The primary aims of the Budget Steering Committees is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 12 September 2016. Key dates applicable to the process were:

- August 2016 – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritization criteria for the compilation of the 2017/18 MTREF;
- November 2016 – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- January 2017 – Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- January 2017 – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- 25 January 2017 – Council consider the 2016/17 Mid-year Review and Adjustments Budget;
- February 2017 – Recommendations of the Mayoral Committee are communicated to the Budget steering Committee, and on the respective departments.
- 29 March 2017 – Tabling in Council of the draft 2017/18 IDP and 2017/18 MTREF for public consultation;
- April 2017 – Public consultation;
- May 2017 – closing date for written comments;

- May 2017 – finalization of the IDP and MTREF, taking into consideration comments received from the public, comments from Provincial Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- May 2017 – tabling of the 2017/18 MTREF before Council for consideration and approval.

There were some deviations from the key dates set out in the Budget Time Schedule tabled in Council due to the Local government elections that took place in August 2016.

2.1.2 Community Consultation

The draft 2017/18 MTREF as tabled before Council on 29 March 2017 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and the municipal library.

All documents in the appropriate format (electronic and printed) were provided to National Treasury and Provincial Treasury in accordance with section 23 of the MFMA, to provide opportunity for them to make inputs.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible IDP process.

Municipalities in South Africa need to utilize integrated development planning as a method to plan future developments in their areas and so find the best solutions to achieve sound long-term developments goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated development planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy
- National and Provincial spatial development perspectives;

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing

Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The municipality targets, monitors, assess and reviews organizational performance which in turn is directly linked to individual employee's performance.

2.4 Overview of budget related-policies

Banking and Investment Policy

The policy is aimed at gaining the highest possible return on investment, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

Rates Policy

The purpose of this policy is to:

- Comply with the provisions of section 3 of the Municipal Property Rates Act, (Act No. 6 of 2004)
- Give effect to the principles outlined above;
- Determine the methodology and to prescribe procedures for the implementation of the Act;
- Determine criteria to be applied for the levying of differential rates for different categories of properties

Supply Chain Management Policy

Mthonjaneni Local Municipality may not act otherwise than in accordance with this supply chain management policy when –

- a) procuring goods or services;
- b) disposing of goods no longer needed;
- c) selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
- d) selecting external mechanism referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

2.5 Overview of budget funding

Mthonjaneni Local Municipality's budget is funded in accordance with section 18 of the Municipal Finance Management Act, (Act No. 56 of 2003) which states that:

- (1) An annual budget may only be funded from –
 - a) realistically anticipated revenues to be collected;
 - b) Cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
 - c) borrowed funds, but only for the capital budget referred to in section 17 (2)
- (2) Revenue projections in the budget must be realistic, taking into account –
 - a) Projected revenue for the current year based on collection levels to date; and
 - b) Actual revenue collected in previous financial years.

Table Expenditure on allocations and grant programmes

KZN285 Mthonjaneni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	75 813	73 359	75 274
Local Government Equitable Share								67 317	70 509	72 424
Finance Management								2 850	2 850	2 850
Municipal Systems Improvement								-	-	-
EPWP Incentive								2 222	-	-
Municipal Demarcation Transitional Grant								3 424	-	-
Provincial Government:		-	-	-	-	-	-	771	810	846
Municipal Demarcation Transitional Grant								771	810	846
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total operating expenditure of Transfers and Grants		-	-	-	-	-	-	76 584	74 169	76 120
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	26 278	27 102	34 970
Municipal Infrastructure Grant (MIG)								18 278	19 102	19 970
Integrated National Electrification Grant								8 000	8 000	15 000
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	26 278	27 102	34 970
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	-	-	-	102 862	101 271	111 090

Table 16: Summary councillor and staff benefits

KZN285 Mthonjaneni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages								5 603	5 995	6 415
Pension and UIF Contributions								-	-	-
Medical Aid Contributions								-	-	-
Motor Vehicle Allowance								1 868	1 998	2 138
Cellphone Allowance								570	610	653
Housing Allowances								-	-	-
Other benefits and allowances								90	96	103
Sub Total - Councillors		-	-	-	-	-	-	8 131	8 700	9 309
% increase	4	-	-	-	-	-	-	-	7.0%	7.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages								3 621	3 874	4 146
Pension and UIF Contributions								9	10	10
Medical Aid Contributions								-	-	-
Overtime								-	-	-
Performance Bonus								507	542	580
Motor Vehicle Allowance	3							881	943	1 009
Cellphone Allowance	3							-	-	-
Housing Allowances	3							-	-	-
Other benefits and allowances	3							-	-	-
Payments in lieu of leave								116	124	133
Long service awards								-	-	-
Post-retirement benefit obligations	6							-	-	-
Sub Total - Senior Managers of Municipality		-	-	-	-	-	-	5 134	5 493	5 878
% increase	4	-	-	-	-	-	-	-	7.0%	7.0%
Other Municipal Staff										
Basic Salaries and Wages								27 419	29 338	31 392
Pension and UIF Contributions								3 739	4 000	4 280
Medical Aid Contributions								1 853	1 983	2 122
Overtime								1 490	1 594	1 706
Performance Bonus								2 085	2 231	2 387
Motor Vehicle Allowance	3							2 676	2 863	3 064
Cellphone Allowance	3							-	-	-
Housing Allowances	3							29	31	33
Other benefits and allowances	3							1 600	1 712	1 832
Payments in lieu of leave								795	850	910
Long service awards								-	-	-
Post-retirement benefit obligations	6							-	-	-
Sub Total - Other Municipal Staff		-	-	-	-	-	-	41 685	44 602	47 725
% increase	4	-	-	-	-	-	-	-	7.0%	7.0%
Total Parent Municipality		-	-	-	-	-	-	54 949	58 796	62 912

Table 17: Monthly targets for revenue, expenditure

KZN285 Mthonjaneni - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description		Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source																	
Property rates			1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	13 165	13 955	14 947
Service charges - electricity revenue			1 865	1 865	1 865	1 865	1 865	1 865	1 865	1 865	1 865	1 865	1 865	1 865	22 375	23 941	25 617
Service charges - water revenue			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue			97	97	97	97	97	97	97	97	97	97	97	97	1 164	1 245	1 333
Service charges - other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			21	21	21	21	21	21	21	21	21	21	21	21	252	269	288
Interest earned - external investments			278	278	278	278	278	278	278	278	278	278	278	278	3 335	3 535	3 747
Interest earned - outstanding debtors			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits			1 783	1 783	1 783	1 783	1 783	1 783	1 783	1 783	1 783	1 783	1 783	1 783	21 400	22 898	24 501
Licences and permits			224	224	224	224	224	224	224	224	224	224	224	224	2 693	2 881	3 083
Agency services			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies			10 769	18 660	-	1 278	-	24 594	973	648	19 662	-	-	-	76 584	74 169	76 120
Other revenue			295	295	295	295	295	295	295	295	295	295	295	295	3 545	3 788	4 046
Gains on disposal of PPE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			16 430	24 321	5 661	6 939	5 661	30 255	6 634	6 309	25 323	5 661	5 661	5 661	144 513	146 682	153 682
Expenditure By Type																	
Employee related costs			3 601	3 601	3 601	3 601	3 601	7 203	3 601	3 601	3 601	3 601	3 601	3 601	46 818	50 096	53 602
Remuneration of councillors			678	678	678	678	678	678	678	678	678	678	678	678	8 131	8 700	9 309
Debt impairment			-	-	-	-	-	-	-	-	-	-	-	2 000	2 000	3 000	3 500
Depreciation & asset impairment			-	-	-	-	-	2 904	-	-	-	-	-	2 904	5 809	6 216	6 651
Finance charges			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases			1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	23 800	25 466	27 249
Other materials			486	486	486	486	486	486	486	486	486	486	486	486	5 837	6 455	6 917
Contracted services			390	390	390	390	390	390	390	390	390	390	390	390	4 684	5 012	5 362
Transfers and subsidies			48	48	48	48	48	48	48	48	48	48	48	48	580	621	664
Other expenditure			2 023	2 023	2 023	2 023	2 023	2 023	2 023	2 023	2 023	2 023	2 023	2 023	24 276	37 444	40 531
Loss on disposal of PPE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure			9 210	9 210	9 210	9 210	9 210	15 716	9 210	9 210	9 210	9 210	9 210	14 115	121 935	143 009	153 786
Surplus/(Deficit)			7 219	15 110	(3 550)	(2 272)	(3 550)	14 538	(2 577)	(2 902)	16 112	(3 550)	(3 550)	(8 454)	22 578	3 673	(104)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			2 190	2 190	2 190	2 190	2 190	2 190	2 190	2 190	2 190	2 190	2 190	2 190	26 278	27 102	34 970
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			9 409	17 300	(1 360)	(82)	(1 360)	16 728	(387)	(712)	18 302	(1 360)	(1 360)	(6 264)	48 856	30 775	34 866
Taxation			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1		9 409	17 300	(1 360)	(82)	(1 360)	16 728	(387)	(712)	18 302	(1 360)	(1 360)	(6 264)	48 856	30 775	34 866

Table 18: Monthly targets for cash flow

KZN286 Mhlonjaneni - Supporting Table SA50 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Receipts by Source															
Property sales	24	304	443	779	874	872	1 049	544	47	530	803	758	7 125	7 552	8 005
Service charges - electricity revenue	1 085	2 029	1 983	1 813	1 695	1 671	1 800	1 487	2 055	1 538	2 131	1 423	20 640	21 519	23 192
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	175	83	74	94	100	91	151	129	26	36	140	98	1 317	1 395	1 479
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	10	38	13	17	19	38	12	14	14	30	15	45	252	269	288
Interest earned - external investments	229	-	-	-	83	104	185	115	155	114	93	2 287	3 335	3 535	3 747
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	349	369	277	334	344	334	335	299	310	338	402	337	4 054	4 297	4 555
Licences and permits	122	220	195	81	259	76	165	125	15	157	157	998	2 693	2 851	3 053
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	10 759	10 660	-	1 275	-	24 594	973	640	19 655	-	-	-	76 554	74 169	76 120
Other revenue	295	295	295	295	295	295	295	295	295	295	295	295	3 545	4 147	4 437
Cash Receipts by Source	12 280	21 997	2 205	4 895	3 487	21 874	8 953	3 829	22 226	3 146	3 285	4 287	119 544	120 125	124 955
Other Cash Flows by Source															
Transfer receipts - capital	-	-	8 552	-	4 000	10 000	2 000	-	3 428	-	-	-	26 275	27 102	34 970
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing (long term) (handing)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	12 280	21 997	10 757	4 895	7 487	21 874	8 953	3 829	25 654	3 146	3 285	4 287	155 819	147 227	159 925
Cash Payments by Type															
Employment related costs	3 801	3 801	3 801	3 801	3 801	7 203	3 801	3 801	3 801	3 801	3 801	3 801	46 915	50 096	53 802
Remuneration of councillors	875	875	875	875	875	875	875	875	875	875	875	875	8 121	8 700	9 309
Financial charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	23 800	25 485	27 249
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	485	485	485	485	485	485	485	485	485	485	485	485	5 837	6 455	6 917
Contracted services	390	390	390	390	390	390	390	390	390	390	390	390	4 654	5 012	5 382
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	45	45	45	45	45	45	45	45	45	45	45	45	550	621	654
Other expenditure	2 023	2 023	2 023	2 023	2 023	2 023	2 023	2 023	2 023	2 023	2 023	2 023	24 275	27 444	40 551
Cash Payments by Type	9 216	9 216	9 216	9 216	9 216	12 512	9 216	9 216	9 216	9 216	9 216	9 216	114 125	123 794	143 635
Other Cash Flows Payments by Type															
Capital assets	3 307	3 307	3 307	3 307	3 307	3 307	3 307	3 307	3 307	3 307	3 307	3 307	39 683	27 960	35 245
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	12 517	12 517	12 517	12 517	12 517	15 819	12 517	12 517	12 517	12 517	12 517	12 517	153 808	151 754	178 880
NET INCREASE (DECREASE) IN CASH HELD	732	9 479	(2 405)	(7 622)	(5 030)	21 756	(5 564)	(5 688)	14 135	(9 371)	(9 232)	7 115	5 415	(13 668)	(18 729)
CASH AND CASH EQUIVALENTS AT MONTH END	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755
CASH AND CASH EQUIVALENTS AT MONTH END	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755	20 755

Municipal manager's quality certificate

I, municipal manager of Mthonjaneni Local Municipality hereby certify that the annual budget of 2017/18 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of _____

Signature _____

Date _____